

AMENDED IN SENATE JUNE 6, 2016
AMENDED IN ASSEMBLY MAY 10, 2016
AMENDED IN ASSEMBLY APRIL 28, 2016
AMENDED IN ASSEMBLY APRIL 11, 2016
AMENDED IN ASSEMBLY MARCH 17, 2016
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2693

Introduced by Assembly Member Dababneh
(Coauthors: Assembly Members Travis Allen, Hadley, and Linder)

February 19, 2016

An act to amend Section 53328.1 of the Government Code, and to amend Section 5898.15 of, ~~and~~ to amend, renumber, and add Section 5898.16 of, *and to add Section 5898.17 to*, the Streets and Highways Code, relating to property improvements.

LEGISLATIVE COUNSEL'S DIGEST

AB 2693, as amended, Dababneh. Financing requirements: property improvements.

(1) Existing law authorizes the legislative body of a public agency, as defined, to determine that it would be convenient, advantageous, and in the public interest to designate an area within which authorized public agency officials and property owners may enter into voluntary contractual assessments to finance certain improvements, including the installation of distributed generation renewable energy sources or energy or water efficiency improvements that are permanently fixed to real property, as specified.

Existing law prohibits a public agency from permitting a property owner to participate in any program established pursuant to these provisions if the owner's participation would result in the total amount of any annual property taxes and assessments exceeding 5% of the property's market value, as determined at the time of approval of the owner's contractual assessment.

This bill would also prohibit a public agency from permitting a property owner ~~who is a homeowner applicant~~ to participate in a program pursuant to these provisions unless the property owner has been provided with a completed financing estimate document or a substantially equivalent document and the property owner is given the right to cancel the contractual assessment at any time prior to midnight on the 3rd business day after the date of the transaction to enter into the agreement without penalty or ~~obligation~~. *The obligation, consistent with certain requirements. The bill would provide that the failure of a public agency to comply with these prohibitions renders the contractual obligations of the property owner for the contractual assessment void.*

This bill would also prohibit a public agency from permitting a property owner to participate in a program pursuant to these provisions if the total mortgage-related debt and contractual assessment-related debt on the underlying property would exceed the fair market value of the property at the time of the owner's contractual assessment, if the mortgage-related debt on the property alone is equal to 90% or greater of the property's fair market value at the time of the approval of the owner's contractual assessment, or if the owner is unable to meet specified requirements.

~~This bill would provide that the failure of a public agency to comply with these prohibitions renders the contractual obligations of the property owner for the contractual assessment void.~~

This bill would limit these provisions to a property owner who seeks to participate in a program pursuant to these provisions for a residential property with 4 or fewer units.

(2) The Mello-Roos Community Facilities Act of 1982 specifies the requirements for the establishment of a community facilities district, including, among other things, a petition, a hearing, the establishment of the boundaries of the community facilities district, and an election on the question. Existing law authorizes a community facilities district formed pursuant to an alternative procedure under which the district initially consists solely of territory proposed for annexation to the community facilities district in the future and territory is annexed and

subjected to special taxes only upon unanimous approval of the owners, to finance and refinance the acquisition, installation, and improvement of energy efficiency, water conservation, and renewable energy improvements.

This bill would require a legislative body to comply with the requirements described above prior to the annexation of a parcel or parcels to a community facilities district formed pursuant to the alternative procedure.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. (a) The Legislature finds and declares all of the*
2 *following:*

3 *(1) The Property Assessed Clean Energy program has been*
4 *promoted in California widely as an innovative and alternative*
5 *form of financing for environmental improvements for the benefit*
6 *of the public and California's environment.*

7 *(2) The promotion of the Property Assessed Clean Energy*
8 *financing is now a popular and widespread form of alternative*
9 *financing for consumers seeking solar energy, water conservation,*
10 *energy efficiency, and earthquake retrofitting improvements to the*
11 *benefit of all Californians.*

12 *(3) The consumer obligation to repay voluntary contractual*
13 *assessments created by the Property Assessed Clean Energy*
14 *program is sometimes misunderstood and may affect the*
15 *consumer's ability to refinance their loan or sell their property.*

16 *(4) Making residential real estate secured loans to consumers*
17 *through Property Assessed Clean Energy financing for home*
18 *improvements has grown rapidly, raising questions as to whether*
19 *the Property Assessed Clean Energy program is adequately*
20 *supported by government regulation.*

21 *(5) The passage of this act is essential to promote standardized*
22 *disclosures and protections for consumers to ensure that the*
23 *Property Assessed Clean Energy program can continue to be*
24 *widely used to offset the adverse impacts of years of climate*
25 *change.*

26 *(b) This act shall be known, and may be cited, as the PACE*
27 *Preservation and Consumer Protections Act.*

1 ~~SECTION 1.~~

2 *SEC. 2.* Section 53328.1 of the Government Code is amended
3 to read:

4 53328.1. (a) As an alternate and independent procedure for
5 forming a community facilities district, the legislative body may
6 form a community facilities district that initially consists solely
7 of territory proposed for annexation to the community facilities
8 district in the future, with the condition that a parcel or parcels
9 within that territory may be annexed to the community facilities
10 district and subjected to the special tax only with the unanimous
11 approval of the owner or owners of the parcel or parcels at the
12 time that the parcel or parcels are annexed. In that case, the
13 legislative body shall follow the procedures set forth in this article
14 for the formation of a community facilities district, with the
15 following exceptions:

16 (1) The legislative body shall not be obligated to specify the
17 rate or rates of special tax in the resolution of intention or the
18 resolution of formation, provided that both of the following are
19 met:

20 (A) The resolution of intention and the resolution of formation
21 include a statement that the rate shall be established in an amount
22 required to finance or refinance the authorized improvements and
23 to pay the district's administrative expenses.

24 (B) The maximum rate of special tax applicable to a parcel or
25 parcels shall be specified in the unanimous approval described in
26 this section relating to the parcel or parcels.

27 (2) The legislative body shall not be obligated to specify in the
28 resolution of intention the conditions under which the obligation
29 to pay the specified special tax may be prepaid and permanently
30 satisfied. Instead, a prepayment provision may be included in the
31 unanimous approval of the owner or owners of each parcel or
32 parcels at the time that the parcel or parcels are annexed to the
33 community facilities district.

34 (3) In lieu of approval pursuant to an election held in accordance
35 with the procedures set forth in Sections 53326, 53327, 53327.5,
36 and 53328, the appropriations limit for the community facilities
37 district, the applicable rate of the special tax and the method of
38 apportionment and manner of collection of that tax, and the
39 authorization to incur bonded indebtedness for the community
40 facilities district shall be specified and be approved by the

1 unanimous approval of the owner or owners of each parcel or
2 parcels at the time that the parcel or parcels are annexed to the
3 community facilities district. No additional hearings or procedures
4 are required, and the unanimous approval shall be deemed to
5 constitute a unanimous vote in favor of the appropriations limit
6 for the community facilities district, the authorization to levy the
7 special tax on the parcel or parcels, and the authorization to incur
8 bonded indebtedness for the community facilities district.

9 (4) Notwithstanding Section 53324, this paragraph establishes
10 the applicable protest provisions in the event a local agency forms
11 a community facilities district pursuant to the procedures set forth
12 in this section. If 50 percent or more of the registered voters, or
13 six registered voters, whichever is more, residing within the
14 territory proposed to be annexed to the community facilities district
15 in the future, or if the owners of one-half or more of the area of
16 land proposed to be annexed in the future and not exempt from
17 the special tax, file written protests against establishment of the
18 community facilities district, and protests are not withdrawn so as
19 to reduce the protests to less than a majority, no further proceedings
20 to form the community facilities district shall be undertaken for a
21 period of one year from the date of decision of the legislative body
22 on the issues discussed at the hearing. If the majority protests of
23 the registered voters or of the landowners are only against the
24 furnishing of a specified type or types of facilities or services
25 within the district, or against levying a specified special tax, those
26 types of facilities or services or the specified special tax shall be
27 eliminated from the resolution of formation.

28 (5) The legislative body shall not record a notice of special tax
29 lien against any parcel or parcels in the community facilities district
30 until the owner or owners of the parcel or parcels have given their
31 unanimous approval of the parcel's or parcels' annexation to the
32 community facilities district, at which time the notice of special
33 tax lien shall be recorded against the parcel or parcels as set forth
34 in Section 53328.3.

35 (b) Notwithstanding the provisions of Section 53340, after
36 adoption of the resolution of formation for a community facilities
37 district described in subdivision (a), the legislative body may, by
38 ordinance, provide for the levy of the special taxes on parcels that
39 will annex to the community facilities district at the rate or rates
40 to be approved unanimously by the owner or owners of each parcel

1 or parcels to be annexed to the community facilities district and
2 for apportionment and collection of the special taxes in the manner
3 specified in the resolution of formation. No further ordinance shall
4 be required even though no parcels may then have annexed to the
5 community facilities district.

6 (c) The local agency may bring an action to determine the
7 validity of any special taxes levied pursuant to this chapter and
8 authorized pursuant to the procedures set forth in this section
9 pursuant to Chapter 9 (commencing with Section 860) of Title 10
10 of Part 2 of the Code of Civil Procedure. Notwithstanding Section
11 53359, if an action is brought by an interested person pursuant to
12 Section 863 of the Code of Civil Procedure to determine the
13 validity of any special taxes levied against a parcel pursuant to
14 this chapter and authorized pursuant to the procedures set forth in
15 this section, the action shall be brought pursuant to Chapter 9
16 (commencing with Section 860) of Title 10 of Part 2 of the Code
17 of Civil Procedure, but shall, notwithstanding the time limits
18 specified in Section 860 of the Code of Civil Procedure, be
19 commenced within 15 days after the date on which the notice of
20 special tax lien is recorded against the parcel. Any appeal from a
21 judgment in any action or proceeding described in this subdivision
22 shall be commenced within 30 days after entry of judgment.

23 (d) A community facilities district formed pursuant to this
24 section may only finance facilities pursuant to subdivision (l) of
25 Section 53313.5.

26 (e) The legislative body shall comply with the requirements
27 specified in Sections ~~5898.15 and 5898.16 and 5898.17~~ of the
28 Streets and Highways Code prior to the annexation of a parcel or
29 parcels to a community facilities district formed pursuant to this
30 section.

31 (f) In connection with formation of a community facilities
32 district and annexation of a parcel or parcels to the community
33 facilities district pursuant to this section, and the conduct of an
34 election on the proposition to authorize bonded indebtedness
35 pursuant to the alternate procedures set forth in Section 53355.5,
36 the local agency may, without additional hearings or procedures,
37 designate a parcel or parcels as an improvement area within the
38 community facilities district. After the designation of a parcel or
39 parcels as an improvement area, all proceedings for approval of
40 the appropriations limit, the rate and method of apportionment and

manner of collection of special tax and the authorization to incur bonded indebtedness for the parcel or parcels shall apply only to the improvement area.

(g) In connection with a community facilities district formed under this section, as an alternate and independent procedure for making the changes described in Section 53330.7, the changes may be made with the unanimous approval of the owner or owners of the parcel or parcels that will be affected by the change and with the written consent of the local agency. No additional hearings or procedures are required, and the unanimous approval shall be deemed to constitute a unanimous vote in favor of the proposed changes. If the proceeds of a special tax are being used to retire any debt incurred pursuant to this chapter and the unanimous approval relates to the reduction of the special tax rate, the unanimous approval shall recite that the reduction or termination of the special tax will not interfere with the timely retirement of that debt.

~~SEC. 2. Section 5898.15 of the Streets and Highways Code is amended to read:~~

~~5898.15. (a) A public agency shall not permit a property owner to participate in any program established pursuant to this chapter if any of the following apply:~~

~~(1) The owner's participation would result in the total amount of the annual property taxes and assessments exceeding 5 percent of the property's fair market value, as determined at the time of approval of the owner's contractual assessment.~~

~~(2) The total mortgage-related debt and contractual assessment-related debt on the underlying property would exceed the fair market value of the property, as determined at the time of the owner's contractual assessment.~~

~~(3) The total mortgage-related debt on the property alone is equal to 90 percent or greater of the property's fair market value, as determined at the time of approval of the owner's contractual assessment.~~

~~(4) The property owner is unable to meet all of the following criteria:~~

~~(A) The property owner shall certify that the property taxes for the property are current and that there is no more than one late payment during the previous three years or the period of time during which the owner has owned the property, whichever is less.~~

~~(B) The property owner shall certify that he or she is not currently in default on any debt secured by the property and that there is no more than one late payment during the 12-month period preceeding the time of the owner's contractual assessment and that late payment, if any, was submitted no later than 30 days after the due date.~~

~~(C) If the property owner is a homeowner applicant, the property owner has not had any active bankruptcies within the last seven years. This criterion can be met if a property owner's bankruptcy was discharged between two and seven years before the application date and the property owner has not had any mortgage or nonmortgage payments past due for more than 60 days in the most recent 24 months.~~

~~(D) The property owner does not have an involuntary lien recorded against the property in excess of one thousand dollars (\$1,000).~~

~~(b) If a property owner is a homeowner applicant, a public agency shall not permit the property owner to participate in any program established pursuant to this chapter unless both of the following requirements are met:~~

~~(1) The property owner has been provided with a completed financing estimate document set forth in Section 5898.16, or a substantially equivalent document that displays the same information in a substantially similar format.~~

~~(2) The property owner is given the right to cancel the contractual assessment at any time prior to midnight on the third business day after the date of the transaction to enter into the agreement without penalty or obligation. The property owner is deemed to have given notice of cancellation at the moment that the property owner sends the notice by mail or email or at the moment that the property owner otherwise delivers the notice, as applicable.~~

~~(e) Failure to comply with the requirements of either subdivision (a) or (b) renders the contractual obligations of a property owner for a contractual assessment entered into pursuant to this chapter void.~~

~~(d) Except as provided in subdivisions (a) and (b), nothing in this chapter shall be construed to void or otherwise release a property owner from the contractual obligations incurred by a contractual assessment on a property.~~

1 *SEC. 3. Section 5898.15 of the Streets and Highways Code is*
2 *amended to read:*

3 5898.15. (a) A public agency shall not permit a property owner
4 to participate in any program established pursuant to this chapter
5 if the owner's participation would result in the total amount of any
6 annual property taxes and assessments exceeding 5 percent of the
7 property's market value, as determined at the time of approval of
8 the owner's contractual assessment.

9 (b) Nothing in this chapter shall be construed to void or
10 otherwise release a property owner from the contractual obligations
11 incurred by a contractual assessment on a property, particularly in
12 the event that the total amount of annual property taxes and
13 assessments exceeds 5 percent of a property's market value after
14 the property owner has entered into a contractual assessment
15 pursuant to this chapter.

16 (c) *This section applies to a property owner who seeks to*
17 *participate in a program established pursuant to this chapter for*
18 *types of property not subject to the requirements of Sections*
19 *5898.16 and 5898.17.*

20 ~~SEC. 3.~~

21 *SEC. 4. Section 5898.16 of the Streets and Highways Code is*
22 *amended and renumbered to read:*

23 ~~5898.17.~~

24 5898.18. All references to financing in this chapter shall be
25 deemed to also refer to refinancing, except that with respect to
26 refinancing, the legislative body shall conclude that providing the
27 refinancing will result in an increased adoption of the
28 improvements authorized to be financed by this chapter. This
29 section does not constitute a change in, but is declaratory and a
30 clarification of existing law.

31 *SEC. 5. Section 5898.16 is added to the Streets and Highways*
32 *Code, to read:*

33 5898.16. (a) A public agency shall not permit a property owner
34 to participate in any program established pursuant to this chapter
35 if any of the following apply:

36 (1) *The property owner's participation would result in the total*
37 *amount of the annual property taxes and assessments exceeding*
38 *5 percent of the property's fair market value, as determined at the*
39 *time of approval of the property owner's contractual assessment.*

1 (2) *The total mortgage-related debt and contractual*
2 *assessment-related debt on the underlying property would exceed*
3 *the fair market value of the property, as determined at the time of*
4 *the property owner's contractual assessment.*

5 (3) *The total mortgage-related debt on the property alone is*
6 *equal to 90 percent or greater of the property's fair market value,*
7 *as determined at the time of approval of the property owner's*
8 *contractual assessment.*

9 (4) *The property owner is unable to meet all of the following*
10 *criteria:*

11 (A) *The property owner shall certify that the property taxes for*
12 *the property are current and that there is no more than one late*
13 *payment during the previous three years or the period of time*
14 *during which the property owner has owned the property,*
15 *whichever is less.*

16 (B) *The property owner shall certify that he or she is not*
17 *currently in default on any debt secured by the property and that*
18 *there is no more than one late payment during the 12-month period*
19 *preceding the time of the property owner's contractual assessment*
20 *and that late payment, if any, was submitted no later than 30 days*
21 *after the due date.*

22 (C) *The property owner has not had any active bankruptcies*
23 *within the last seven years. This criterion can be met if a property*
24 *owner's bankruptcy was discharged between two and seven years*
25 *before the application date and the property owner has not had*
26 *any mortgage or nonmortgage payments past due for more than*
27 *60 days in the most recent 24 months.*

28 (D) *The property owner does not have an involuntary lien*
29 *recorded against the property in excess of one thousand dollars*
30 *(\$1,000).*

31 (b) *A public agency shall not permit the property owner to*
32 *participate in any program established pursuant to this chapter*
33 *unless both of the following requirements are met:*

34 (1) *The property owner has been provided with a completed*
35 *financing estimate document set forth in Section 5898.17, or a*
36 *substantially equivalent document that displays the same*
37 *information in a substantially similar format.*

38 (2) *The property owner is given the right to cancel the*
39 *contractual assessment at any time prior to midnight on the third*
40 *business day after the date of the transaction to enter into the*

1 agreement without penalty or obligation, consistent with the
2 following:

3 (A) The property owner shall receive two copies of the right to
4 cancel document set forth below or a substantially similar
5 document that displays the same information in a substantially
6 similar format.

7
8 ***Right to Cancel***
9

10 Property Owner: _____
11 [Owner Full Name], [Phone], [Email]

12 Property Address: _____
13 [Property Address]
14

15 Your Right to Cancel:

16
17 You are entering into a contractual assessment with _____ for financing
18 [Provider]
19 that will result in a lien on the property at _____. You may
20 [Property Address]
21 cancel this transaction, without cost, within three business days from the date
22 on which you signed the contractual assessment.
23

24 If you cancel the transaction:

- 25 • You will not be charged a cancellation fee; and
26 • You will be refunded any money you have given, excluding application and
27 processing fees as applicable.
28

29 To cancel this transaction, you may submit this form to _____ in writing
30 [Provider]

31 at:

32 Provider: _____

33 Attn: Right to Cancel Notification

34 Address: _____
35

36 Deadline to Cancel:

37
38 If you want to cancel this transaction, you must submit this form on or before
39 [Insert date].
40

1 *If you cancel by mail or email, you must send the notice no later than midnight*
2 *of the third business day following the date on which you signed the contractual*
3 *assessment. If you send or deliver your written notice to cancel some other*
4 *way, it must be delivered to the above address no later than the time indicated*
5 *above.*

6
7 *(B) The property owner is deemed to have given notice of*
8 *cancellation at the moment that the property owner sends the notice*
9 *by mail or email or at the moment that the property owner*
10 *otherwise delivers the notice, as applicable.*

11 *(c) Failure to comply with the requirements of subdivision (b)*
12 *renders the contractual obligations of a property owner for a*
13 *contractual assessment entered into pursuant to this chapter void.*

14 *(d) Except as provided in subdivision (b), nothing in this chapter*
15 *shall be construed to void or otherwise release a property owner*
16 *from the contractual obligations incurred by a contractual*
17 *assessment on a property.*

18 *(e) This section only applies to a property owner who seeks to*
19 *participate in a program established pursuant to this chapter for*
20 *a residential property with four or fewer units.*

21 ~~SEC. 4.~~

22 ~~SEC. 6.~~ Section ~~5898.16~~ 5898.17 is added to the Streets and
23 Highways Code, to read:

24 ~~5898.16.~~

25 5898.17. (a) The disclosure set forth ~~below~~ below, or a
26 *substantially equivalent document that displays the same*
27 *information in a substantially similar format, shall be completed*
28 *and delivered to a homeowner as soon as practicable before, and*
29 *in no event later than when, a homeowner becomes obligated on*
30 *an agreement to property owner at least three business days before*
31 *the property owner consummates a voluntary contractual*
32 *assessment described in this chapter or a special tax described in*
33 *Section 53328.1 of the Government Code. The disclosure shall be*
34 *provided to the property owner as a printed copy, if requested by*
35 *the property owner. A sample of the disclosure set forth below*
36 *shall be maintained on a public Internet Web site available to*
37 *property owners.*

38 *(b) This section only applies to disclosure to a property owner*
39 *who seeks to participate in a program established pursuant to this*
40 *chapter for a residential property with four or fewer units.*

Financing Estimate and Disclosure

Notice to ~~Homeowners~~: *Property Owner: You have the right to request that a hard copy of this document be provided to you before and after reviewing and signing. The financing arrangement described below will result in an assessment against your property which will be collected along with your property taxes. The assessment lien against your property may jeopardize your ability to sell or refinance your property unless you repay the underlying debt. You may request a subordination of the lien in order to address complications in your ability to refinance or sell your property.*

There may be cheaper alternative financing arrangements ~~available from conventional lenders~~: *available*. You should read and review the terms carefully, and if necessary, consult with a tax professional or attorney.

Customer Service Toll-Free telephone number and email:

In the event you have a consumer complaint, questions about your financing obligations related to the contractual assessment or your contractual rights under the terms of this contract, you can contact either this toll-free telephone number or email address provided below and receive a response within 24 hours or one business day.

Toll-Free telephone number: _____

Customer service email address: _____

Products and Costs

Product costs (including
labor/installation) \$ _____

Description

- 1.
- 2.
- 3.

Financing Costs

Application fees and costs	\$ _____
Prepaid Interest	\$ _____
Other Costs	\$ _____
Total Amount Financed	\$ _____

Annual Percentage Rate (APR) _____ %

Simple Interest Rate _____ %

Total Annual Principal, Interest, and \$ _____

Administrative Fees

Note: If your property taxes are paid through an impound account, your lender may apportion the amount and add it to your monthly payment.

See “Other important considerations,” below

Total Amount you will

have paid over the life of

the loan \$_____

Other Costs

Appraisal Fees \$_____

Bond related costs \$_____

Annual Administrative fees \$_____

Estimated closing costs \$_____

Credit Reporting Fees \$_____

Recording Fees \$_____

Total Financing Costs

and Closing Costs \$_____

Estimated Cash (out of

pocket) to close \$_____

Other Terms

Prepayment fee ☐ No ☐ Yes _____

Assumable by new owner ☐ No ☐ Yes _____

Additional Information About These Financing

Comparisons [Use this information to compare to other financing options]

In 10 years \$_____ Principal you will have paid off.

\$_____ Amount of interest you have paid.

\$_____ Amount of financing and other costs

you will have paid.

\$_____ Total you will have paid.

Annual Percentage Rate _____%

1 Total Interest Paid (as a percentage of all the _____ %
2 payments you have made)

3
4 *Estimated market value of home without the improvement: _____*

5 *Estimated market value of home with the improvement: _____*
6

7 *The estimated market value of your home is derived using one of the following:*
8 *1) an automated valuation model, which is a computerized property valuation*
9 *system that is used to derive a real property value; 2) a broker's price opinion*
10 *conducted by a real estate broker licensed pursuant to Part 1 (commencing*
11 *with Section 10000) of Division 4 of the Business and Professions Code; or,*
12 *3) an appraisal conducted by a state licensed real estate appraiser licensed*
13 *pursuant to Part 3 (commencing with Section 11300) of Division 4 of the*
14 *Business and Professions Code.*

15
16 **Other Important Considerations**

17 Assumption by New Buyer ☐ Yes - Allowed on original
18 terms
19 ☐ No - Not Allowed on
20 original terms

21 I understand that if I refinance my home, my mortgage company may require
22 me to pay off the full remaining balance of this ~~obligation~~. *obligation, unless*
23 *I request that the lien be subordinated to an existing mortgage. If I sell my*
24 *home, the buyer or their mortgage company may require me to pay off the full*
25 *remaining balance of this obligation.*

26 _____
27 [Borrower initials]

28 **Monthly Mortgage Payments**

29 Your payments will be added to your property tax bill. Whether you pay your
30 property taxes through your mortgage payment, using an impound account,
31 or if you pay them directly to the tax collector, you will need to save an
32 estimated \$_____ for your first tax installment. ~~After your first payment, if~~
33 ~~If you pay your taxes through an impound account, account you should notify~~
34 ~~your lender, so that your monthly mortgage payment should~~ *can* be adjusted
35 by your lender to cover your increased property tax bill.

36 _____
37 [Borrower initials]
38

1 Tax Benefits: Consult your tax advisor regarding tax credits, credits and
2 deductions, tax deductibility, and other tax benefits available. Making an
3 appropriate application for the benefit is your responsibility.

4
5
6 _____
[Borrower initials]

7 **Three Day Right to Cancel**

8
9
10 You, the ~~homeowner~~, *property owner*, may cancel the contract at any time
11 prior to midnight on the third business day after the date of the transaction to
12 enter into the agreement without any penalty or obligation. To cancel this
13 transaction, you may mail or deliver a signed and dated copy of the contract
14 with notice of cancellation to:

15 _____ [name of business] at
16 _____ [address]

17 You may also cancel the contract by sending notification of cancellation by
18 email to the following email address: _____ [email address of
19 business].

20
21 _____
[Borrower initials]

22
23 **Senior Lien Resulting from This Transaction**

24 *This contractual assessment will result in a senior lien on your property. A*
25 *lien occurs when an assessment, obligation, or claim (debt) is secured by the*
26 *value of your property, such as a mortgage. Once the debt associated with the*
27 *lien is paid in full, the lien can be released. If you fail to pay the debt, a lien*
28 *permits the foreclosure (sale) of your property in order to pay the amount*
29 *owed. If the property is sold or refinanced, the debt must generally be paid*
30 *from the proceeds. If you have more than one lien on your property, the priority*
31 *of liens will determine which debts must be paid first from the sale proceeds.*
32 *The lien attached to your property in connection with assessment has “senior”*
33 *lien status, which means that it has priority and must be satisfied before any*
34 *other private liens, including a mortgage. The existence of this senior lien may*
35 *jeopardize your ability to refinance or sell your property unless the debt is*
36 *paid in full or the holder of the lien agrees to subordinate (allow another lien*
37 *to take a higher priority). The foreclosure of a property subject to a senior*
38 *lien will terminate all other liens on the property with a lower priority. A senior*
39 *lien may be in conflict with the terms of your mortgage contract with your*

lender. It is your responsibility to ensure that you are authorized to enter into this transaction.

[Borrower initials]

Confirmation of Receipt

This confirms the receipt of the information in this form. You do not have to accept this financing just because you acknowledge that you have received or signed this form, and it is NOT a contract.

[Property Owner Signature - Date]

[Property Owner Signature
- Date]

O